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UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF OHIO
WESTERN DIVISION

UNITED STATES OF AMERICA

:

CASE NO.

1109CR 062

v.

:

INDICTMENT

VERNON W. MENIFEE

:

18 U.S.C. § 1343 **J. BARRETT**

18 U.S.C. § 2

:

18 U.S.C. § 371

:

18 U.S.C. § 1014

:

Notice of forfeiture

HONORABLE _____

COUNTS ONE THROUGH FORTY-FOUR

THE GRAND JURY CHARGES THAT:

At all times material to this indictment:

1. Defendant VERNON W. MENIFEE was a contractor who owned a construction business called Built By Brothers, 3955 Dickson Avenue, Cincinnati, Ohio. Some of the construction work was located in New Orleans, Louisiana.
2. Defendant VERNON W. MENIFEE's residence was located in the state of Georgia.
3. P.C., a co-conspirator being charged elsewhere, was the controller of Schottco Corp. ("Schottco") and its subsidiary, Schott Leasing Co. ("Schott Leasing"), Cincinnati, Ohio. As controller, P.C. managed the accounting and finances for both companies. P.C. disbursed money from Schottco's bank account, account number xxxxxx5318, and Schott

Leasing's bank account, account number xxxxxx6709, held at Fifth Third Bank, for business expenses. P.C. also was responsible for leasing vehicles for Schott Leasing.

4. P.C. was a close friend and associate of defendant VERNON W. MENIFEE.

5. Defendant VERNON W. MENIFEE leased a number of vehicles through Schott Leasing which included both high-end luxury cars and vehicles that could be used in the construction business.

THE SCHEME

6. From in or about 2006 to in or about June 2008, defendant VERNON W. MENIFEE, devised and intended to devise, and aided and abetted the same, a scheme to defraud Schottco and its subsidiary, Schott Leasing, and to obtain money, that is approximately \$1,686,647.30, by means of false and fraudulent pretenses, representations, and promises.

MANNER AND MEANS

It was part of the scheme that:

7. Defendant VERNON W. MENIFEE knew that P.C. managed the accounts at Schottco and Schott Leasing.

8. Defendant VERNON W. MENIFEE leased vehicles and did not make the lease payments as required by the lease agreements. Defendant MENIFEE knew that P.C. did not advise Schott Leasing that he failed to make the proper lease payments.

9. Defendant VERNON W. MENIFEE told P.C. that he needed money for his construction projects in New Orleans that were helping victims of Hurricane Katrina knowing

that P.C. could access the money from Schottco. Despite receiving unauthorized Schottco money from P.C., defendant MENIFEE failed to complete most of the projects for the Hurricane Katrina victims.

10. Defendant VERNON W. MENIFEE continued to ask P.C. for money that he knew was being withdrawn from Schottco's bank account without permission from Schottco. Defendant MENIFEE used Schottco money for his personal use including opening a bar in Cincinnati, Ohio.

11. Defendant VERNON W. MENIFEE accessed a majority of the unauthorized Schottco money through wire transfers. Per defendant MENIFEE's instructions, P.C. transferred money from Schottco's accounts at Fifth Third Bank to accounts controlled by MENIFEE.

12. P.C. told defendant VERNON W. MENIFEE that Schottco had no knowledge P.C. was giving him company money.

13. Defendant VERNON W. MENIFEE never returned any of the money P.C. took from Schottco, without its knowledge or authorization, on defendant MENIFEE's behalf.

14. From this scheme, defendant VERNON W. MEINFEE unlawfully received approximately \$1,686,647.30 from Schottco and its subsidiary, Schott Leasing.

15. On or about the dates listed below, in the Southern District of Ohio and elsewhere, defendant VERNON W. MENIFEE, for the purpose of aiding and abetting the execution and attempted execution of the scheme described above, did knowingly aid and abet the transmission and aided and abetted that which caused to be transmitted by means of wire communication in interstate commerce the sounds and signals of electronic transmissions

used to make wire transfers from Schottco's bank account, account number xxxxxx5318, and Schott Leasing's bank account, account number xxxxxx6709, at Fifth Third Bank to the receiving bank accounts described below, all of which identify the beneficiaries on the wire transfers as defendant VERNON MENIFEE ("VM") or Built By Brothers ("BBB").

COUNT	DATE	SENDING ACCOUNT	RECEIVING BANK ACCOUNT (BENEFICIARY)	AMOUNT
1	5/9/06	Schott Leasing	PNC xxxxxx2078 (BBB)	\$15,000
2	6/7/06	Schott Leasing	PNC xxxxxx2078 (BBB)	\$15,000
3	8/7/06	Schott Leasing	Suntrust xxxx4030 (VM)	\$50,000
4	8/25/06	Schott Leasing	JPMorgan Chase xxxx9303 (VM)	\$4,000
5	9/15/06	Schott Leasing	JPMorgan Chase xxxx9303 (VM)	\$30,000
6	12/7/06	Schott Leasing	JPMorgan Chase xxxx9303 (VM)	\$50,000
7	12/20/06	Schott Leasing	JPMorgan Chase xxxx9303 (VM)	\$50,000
8	1/2/07	Schott Leasing	JPMorgan Chase xxxx9303 (VM)	\$50,000
9	1/10/07	Schott Leasing	JPMorgan Chase xxxx9303 (VM)	\$60,000
10	1/17/07	Schott Leasing	JPMorgan Chase xxxx9303 (VM)	\$20,000
11	1/24/07	Schott Leasing	JPMorgan Chase xxxx9303 (VM)	\$15,000
12	2/1/07	Schott Leasing	JPMorgan Chase xxxx9303 (VM)	\$18,000
13	2/5/07	Schott Leasing	JPMorgan Chase xxxx9303 (VM)	\$5,000
14	2/21/07	Schottco	JPMorgan Chase xxxx9303 (VM)	\$10,000
15	4/17/07	Schott Leasing	JPMorgan Chase xxxx9303 (VM)	\$20,000
16	4/30/07	Schott Leasing	JPMorgan Chase xxxx9303 (VM)	\$5,000
17	5/7/07	Schott Leasing	JPMorgan Chase xxxx9303 (VM)	\$15,000
18	5/14/07	Schott Leasing	JPMorgan Chase xxxx9303 (VM)	\$25,000
19	5/15/07	Schott Leasing	JPMorgan Chase xxxx9303 (VM)	\$35,000

20	5/25/07	Schott Leasing	JPMorgan Chase xxxx9303 (VM)	\$25,000
21	6/12/07	Schott Leasing	JPMorgan Chase xxxx9303 (VM)	\$10,000
22	6/22/07	Schott Leasing	JPMorgan Chase xxxx9303 (VM)	\$10,000
23	6/25/07	Schott Leasing	JPMorgan Chase xxxx9303 (VM)	\$20,000
24	6/28/07	Schott Leasing	JPMorgan Chase xxxx9303 (VM)	\$10,000
25	6/29/07	Schott Leasing	JPMorgan Chase xxxx9303 (VM)	\$18,000
26	7/12/07	Schott Leasing	JPMorgan Chase xxxx9303 (VM)	\$30,000
27	8/22/07	Schottco	Capital One xxxx1869 (BBB)	\$15,000
28	9/18/07	Schottco	Capital One xxxx1869 (BBB)	\$47,000
29	9/26/07	Schottco	Capital One xxxx1869 (BBB)	\$32,000
30	10/5/07	Schottco	Capital One xxxx1869 (BBB)	\$15,000
31	11/13/07	Schott Leasing	Capital One xxxx1869 (BBB)	\$15,000
32	11/27/07	Schott Leasing	Capital One xxxx1869 (BBB)	\$10,000
33	12/7/07	Schott Leasing	Capital One xxxx1869 (BBB)	\$15,000
34	12/10/07	Schottco	Capital One xxxx1869 (VM)	\$15,000
35	12/18/07	Schottco	Capital One xxxx1869 (VM)	\$40,000
36	1/4/08	Schottco	Capital One xxxx1869 (VM)	\$25,000
37	1/11/08	Schottco	Capital One xxxx1869 (VM)	\$20,000
38	1/23/08	Schottco	Capital One xxxx1869 (VM)	\$30,000
39	2/7/08	Schottco	Capital One xxxx1869 (VM)	\$34,000
40	3/7/08	Schottco	Capital One xxxx1869 (VM)	\$15,000
41	3/17/08	Schottco	Capital One xxxx1869 (VM)	\$20,000
42	3/19/08	Schottco	Capital One xxxx1869 (VM)	\$17,000
43	4/1/08	Schott Leasing	Capital One xxxx1869 (BBB)	\$27,000
44	4/11/08	Schottco	Capital One xxxx1869 (BBB)	\$45,000

All in violation of Title 18, United States Code, Sections 1343 and 2.

COUNT FORTY-FIVE

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 - 5 and 7 - 14 of Counts One through Forty-Four are realleged here.

2. Countrywide Bank, FSB ("Countrywide") was a financial institution whose accounts were insured by the Federal Deposit Insurance Corporation, certificate number 33143.

3. From on or about September 28, 2007 to on or about October 12, 2007, in the Southern District of Ohio and elsewhere, defendant VERNON W. MENIFEE conspired and agreed, together and with others known and unknown to the grand jury, to commit an offense against the United States, that is, to knowingly make false statements to a bank in support of a loan, in violation of Title 18, United States Code, Section 1014.

MANNER AND MEANS

4. It was part of the conspiracy that defendant VERNON W. MENIFEE used false information in order to obtain a loan from Countrywide for the property located at 2290 Heritage Green Trail, Marietta, Georgia ("the property") because defendant MENIFEE would not otherwise qualify for the loan.

It was further part of the conspiracy that:

5. On or about September 26, 2006, a judgement in a criminal case was entered against defendant VERNON W. MENIFEE for bank fraud and income tax evasion related to a mortgage fraud scheme where defendant MENIFEE submitted false information to lenders in order to sell recently purchased homes quickly for falsely inflated values. The houses

involved in the scheme were foreclosures. As part of his sentence, the defendant was ordered to pay \$895,872 in restitution, a financial obligation to the government and victim of his crimes.

6. With the assistance of P.C., defendant VERNON W. MENIFEE submitted false information to Countrywide in order to secure a loan on the property.

OVERT ACTS

In furtherance of the conspiracy, defendant VERNON W. MENIFEE and others known and unknown to the grand jury, committed the following overt acts in the Southern District of Ohio and elsewhere:

1. On or about October 9, 2007, P.C. falsely verified defendant VERNON W. MENIFEE's employment and income to Countrywide. P.C. assumed the position of "accountant" at defendant MENIFEE's employer, Built By Brothers, when P.C. did not work for Built By Brothers.

2. On or about October 9, 2007, P.C. falsely verified defendant VERNON W. MENIFEE's income and bonuses for year to date and fiscal years 2005 and 2006 to Countrywide knowing that this information was untrue.

3. On or about October 9, 2007, P.C. falsely verified defendant VERNON W. MENIFEE's position at Built By Builders as Director of Field Operations to Countrywide when in fact, defendant MENIFEE was the owner of Built By Brothers.

4. On or about October 11, 2007, P.C. forwarded defendant VERNON W. MENIFEE \$70,000 from Schottco's bank account which he deposited into a savings account, account number xxxxx4350, in his name at the Greater Cincinnati Credit Union.

5. On or about October 12, 2007, defendant VERNON W. MENIFEE submitted a Home Residential Loan Application ("Form 1003") to Countrywide that contained several false statements including his assets of approximately \$70,001 in the Greater Cincinnati Credit Union account. Defendant MENIFEE did not disclose that this money came from P.C.

6. On or about October 12, 2007, defendant VERNON MENIFEE submitted additional false statements on the Form 1003 to Countrywide including his position and address for Built By Brothers. Defendant MENIFEE stated that he was the Director of Operations/ General Contractor not owner and stated that the location of the business was 3955 Dickson Avenue, Cincinnati, Ohio which was a house involved in the mortgage fraud scheme for which he was convicted.

7. On or about October 12, 2007, defendant VERNON W. MENIFEE submitted additional false statements on the Form 1003 to Countrywide including his income of \$11,250 per month. Defendant MENIFEE failed to report any income to the Internal Revenue Service.

8. On or about October 12, 2007, defendant VERNON W. MENIFEE submitted additional false statements on the Form 1003 to Countrywide in Section VIII Declarations (a) and (c) - (h) when he responded in the negative to those questions regarding whether he had outstanding judgements against him, whether he had property foreclosed upon in the last seven years, whether he was a party to a lawsuit, whether he had been directly or indirectly obligated on a loan which resulted in foreclosure, whether he was presently delinquent on any Federal debt or financial obligation, whether he paid child support, and whether any of the money from the down payment was borrowed. Defendant MENIFEE failed to disclose the

foreclosures and financial obligations raised by his previous conviction among the other false statements related to failure to disclose child support payments, being named in a lawsuit in Louisiana for breach of contract and money borrowed from P.C. for the down payment.

All in violation of Title 18, United States Code, Section 371.

COUNT FORTY-SIX

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 - 2 and 5 - 6 and overt acts 1 - 8 of overt of Count Forty-Five are realleged here.

2. On or about October 12, 2007, in the Southern District of Ohio and elsewhere, defendant VERNON W. MENIFEE knowingly made and caused to be made to Countrywide false statements for the purpose of influencing the actions of Countrywide upon a loan, that is, a loan for the property located at 2290 Heritage Green Trail, Marietta, Georgia in the amount of \$395,900. Some of the false statements made to Countrywide include but are not limited to false employment verification by P.C., an individual charged elsewhere, who indicated that she worked for defendant MENIFEE's employer, identified as Built By Brothers, when defendant MENIFEE knew that P.C. did not work for Built By Brothers and that such false statements were made in order for P.C. to falsely verify both employment and income for defendant MENIFEE.

In violation of Title 18, United States Code, Section 1014.

NOTICE OF FORFEITURE

THE GRAND JURY FURTHER CHARGES THAT:

1. As a result of the violation of Title 18, United States Code, Section 1343, set forth in Counts One through Forty-Four of this indictment, defendant VERNON M. MENIFEE shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c), any property, real or personal, which constitutes or is derived from proceeds traceable to specified unlawful activity, that is, wire fraud, as charged in this indictment, including but not limited to, a sum of money equal to \$1,686,647.30 in United States currency, representing the amount of proceeds obtained as a result of the offense of wire fraud of which the defendant has been charged.

2. If any of the property subject to forfeiture, as a result of any action or omission of the defendant:

- (a) cannot be located upon exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the Court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 28, United States Code, Section 2461(c), incorporating Title 21, United States Code, Section 853(p) as incorporated in Title 18, United States Code, Section 982(b)(1), to seek forfeiture of any other property of the defendant up to the value of the property subject to forfeiture.

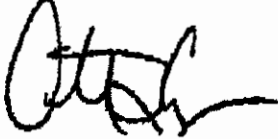
All pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28,
United States Code, Section 2461(c).

A TRUE BILL:



GRAND JURY FOREPERSON

**GREGORY G. LOCKHART
UNITED STATES ATTORNEY**



**ANTHONY SPRINGER
Deputy Criminal Chief**